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SUBJECT: Your Meeting with Guatemalan President Alvaro Colom

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State, P/E; REASON: 1.4(B), (D)

11. (C) Summary: During your February 18 meeting with Guatemalan President Alvaro Colom you will have the opportunity to address several key issues including poverty alleviation, general and food security, rule of law, transparency, and taxes. Your meeting comes in the wake of his January exoneration by the UN-led International Commission Against Impunity in Guatemala (CICIG, supported by the USG) of the murder of prominent attorney Rodrigo Rosenberg. Rosenberg's accusation from the grave, circulated in a posthumous video, that Colom and his inner circle had murdered him had sparked street protests and threatened to bring the government down last year; the USG, among others, convinced the President and opposition to step back from confrontation. Colom is now eager to demonstrate through meetings with world leaders that he has recovered his legitimacy. Even Colom's opponents acknowledge he is a good, well-intentioned president. He is weakened by a) an ineffective and corrupt bureaucracy, b) contradictions between the demands of his wife's rumored 2011 Presidential candidacy and the need to reach agreements on taxes and security issues with the opposition, and c) a stunningly corrupt police and judicial apparatus. Colom values highly his relationship with the USG, and we have consistently worked closely with the President to support his efforts to dialogue with opponents and to support his efforts on citizen security and poverty reduction. End Summary.

12. (C) President Colom's tenure has been characterized by some successes in the social field, and growing challenges in others, especially security. Controversial First Lady Sandra Torres de Colom leads the government's programs to address pressing social needs via her Social Cohesion Council, and plans to seek the presidency in 2011 despite a constitutional prohibition on presidents' family members running for the office. Although she has not yet publicly announced her candidacy, she is counting on grateful program recipients to secure electoral victory. The Coloms' political opponents criticize growing social welfare programs, which are popular with the extremely poor, for their lack of transparency, and as a vehicle for political patronage and corruption. We believe that the government indeed needs and can do much more to improve transparency. Collecting just 10.4% of GDP in taxes, the Guatemalan state remains chronically under-funded. Political consensus on raising taxes remains elusive, with opponents objecting to rampant corruption and ineffective collection of existing taxes and customs duties. Forty-three percent of Guatemalan children -- mostly indigenous -- suffer from chronic malnutrition, the highest percentage in the Western Hemisphere. We are working with the GOG on food security within the framework of the Global Food Security and Hunger Initiative, and recently inaugurated an additional \$16 million single-year food security program (SYAP). The annual USAID budget for Guatemala is approximately \$75 million.

13. (C) President Colom is right to try to ameliorate the plight of the 51% of Guatemalans who live in poverty. Expansion of the social programs under First Lady Sandra Torres de Colom's direction

is a step in the right direction. However, the government has consistently acted to ensure the opacity of these programs' finances, raising credible domestic and international concerns about corruption. Better government transparency might encourage political opponents to dialogue on increasing inadequate tax collection. Shortly after his election, Colom said his government would "have a Mayan face," but his current cabinet includes just one indigenous person and no women. Greater inclusion of women and indigenous people would help to generate broader sympathy for his government. The US Embassy has taken the initiative on three occasions to host meetings for President Colom with political opponents and the private sector. The most recent January 2010 dialogue we hosted between Colom and the private sector led to the formation of multiple government-business commissions on taxes, fighting contraband, and transparency. Still, Colom will likely sound you out on pressing the private sector to agree to raise taxes; we have urged all sides to push for better collection of existing taxes, consideration of additional taxes, and more steps to improve transparency of public expenditures.

14. (C) The GOG must do better on security. We are assisting on many fronts, including through the Merida Initiative and support for CICIG (pronounced SEE-SEEG). Our support is presented as a partnership with the Guatemalan government and people, and Guatemalans largely appreciate our role. Reform of domestic rule of law institutions, with which CICIG is helping, is essential. We stand ready to support the critically important, upcoming initiative to reform the police. The Guatemalan people deserve better from their courts than a 96.5% impunity rate for homicides; the new Supreme Court needs to provide better leadership. Former

President Portillo has already demonstrated his ability to manipulate Guatemala's courts, so we think his quick extradition to face money laundering charges in the U.S. makes good sense. The Attorney General is to be congratulated for the improvements at his office, and we hope to be able to continue effective cooperation when President Colom chooses his successor in May.

15. (C) The New York street value of the 300 metric tons of cocaine estimated to have transited Guatemala in 2009 is greater than the national budget. In 2009, the GOG seized eleven metric tons of cocaine. The cocaine trade corrodes every state institution it touches, exacerbating already endemic corruption and violence. Zetas and other heavily armed Mexican drug traffickers battle Guatemalan traffickers for control of routes. With a homicide rate of 48.4 per 100,000, Guatemala is among the most dangerous countries in Latin America. The Embassy and CICIG encouraged Congress to elect a cleaner Supreme Court, which is making some efforts to improve the inefficient and corrupt court system. In May the GOG will start a new campaign to reform the corrupt, human rights-abusing National Civilian Police. The Army is subservient to civilian authority and has played a helpful role in supporting law enforcement operations, but has yet to adequately address its history of Cold War-era human rights abuses. Despite institutional shortcomings, some Embassy-supported vetted units are working well. With encouragement from the USG and CICIG, Congress has passed a number of laws giving authorities modern crime fighting tools. More such important reform legislation is now before Congress. GOG performance on combating TIP, including prosecutions of traffickers, has been inadequate. The Department is considering placing Guatemala in Tier III for TIP.

16. (SBU) Colom, a self-described social democrat, was elected to a four-year term in 2007 on a center-left platform promising rural development, poverty alleviation, and greater social inclusion of the 43% of Guatemalans who are indigenous Mayans. Maintenance of good relations with all countries in the hemisphere -- including Cuba and Venezuela -- is the lodestar of the GOG's foreign policy. Colom is mindful, however, that his most important bilateral relationship by far is with the United States; he also has a good personal relationship with Colombian President Uribe. More than one million Guatemalans live in the U.S., nearly all illegally, and

the U.S. is Guatemala's top trade partner as well as source of foreign investment and assistance. Remittances from the U.S. have transformed the Guatemalan countryside. CAFTA has been a boon for the Guatemalan economy, and has afforded the USG a mechanism for raising concerns about violence against labor leaders and working conditions. No foreign policy issue is more important to Guatemalans than U.S. immigration reform; Colom will raise it. You may also wish to thank President Colom for his helpful approach to the Haiti crisis and by contributing to Central American stability through recognition of the Lobo Government in Honduras, as well as his close relationship with President Funes.

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